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BEFORE THE

DEPARTMENT OF TRANSPORTATION

WASHINGTON, D.C.

OST-95-206-16

U.S. TORONTO SERVICE PROCEEDING	:	**Docket 50168**

REBUTTAL EXHIBITS OF CONTINENTAL AIRLINES, INC.

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April 4, 1995

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CONTINENTAL AIRLINES, INC.
REBUTTAL EXHIBITS

Exhibit Number	Title	Number Of Pages
CO-R-100	Toronto-West U.S. Carrier Gateways Should Not Receive New Toronto Authority	1
CO-R-101	The New Services Proposed by Other Carriers At Toronto Serve Gateways Significantly Smaller than Continental's Newark Gateway	1
CO-R-102	The Toronto Service Proposed by USAir, TWA, and Northwest Has Substantially Fewer Local Passengers Per Seats Offered in the Market Than Continental's Newark Service Proposal	1
CO-R-103	The Services Proposed by USAir, Northwest, and TWA Serve Small Local Markets	1
CO-R-104	USAir, Currently the Second Largest U.S. Carrier at Toronto, Holds Dormant Toronto Authorities and Underutilizes Toronto Authorities	1
CO-R-105	USAir Has Overestimated Its Share of the Small Pittsburgh-Toronto Local Market, on Both a Seat Share and Departure Share Basis	1
CO-R-106	USAir's Proposed Pittsburgh-Toronto Schedule Would Not Provide Same Day Travel for Pittsburgh Passengers and is Inferior to Delta's Existing Service	1

Exhibit Number	Title	Number Of Pages
CO-R-115	USAir's Local Phoenix-Toronto Average Fare is Overstated by 16% and Does Not Reflect the Heavy Leisure Traffic Demand of the Market	1
CO-R-116	USAir's Local San Diego-Toronto Average Fare is Overstated by 16.5% and Does Not Reflect the Heavy Leisure Traffic Demand of the Market	1
CO-R-117	Northwest's Minneapolis-Toronto Service Duplicates its Detroit-Toronto Service	1
CO-R-118	Northwest's Minneapolis/St. Paul-Toronto Service Would Be Duplicative of Existing Northwest Services in 26 Markets	1
CO-R-119	TWA Has Overstated the Stimulation of the St. Louis-Toronto Market, Resulting in Forecasted Local Traffic Greater Than That of Larger Cities	1

TORONTO – WEST U.S. CARRIER GATEWAYS SHOULD NOT RECEIVE NEW TORONTO AUTHORITY

SEATS TO TORONTO FROM WESTERN HUBS

HUB	DAILY SEATS (ONE-WAY)
DFW	478
DTW	867
ORD	1,664
SFO	199

TOTAL DAILY SEATS FROM WESTERN HUBS	3,208
TOTAL DAILY SEATS U.S.–TORONTO	6,382

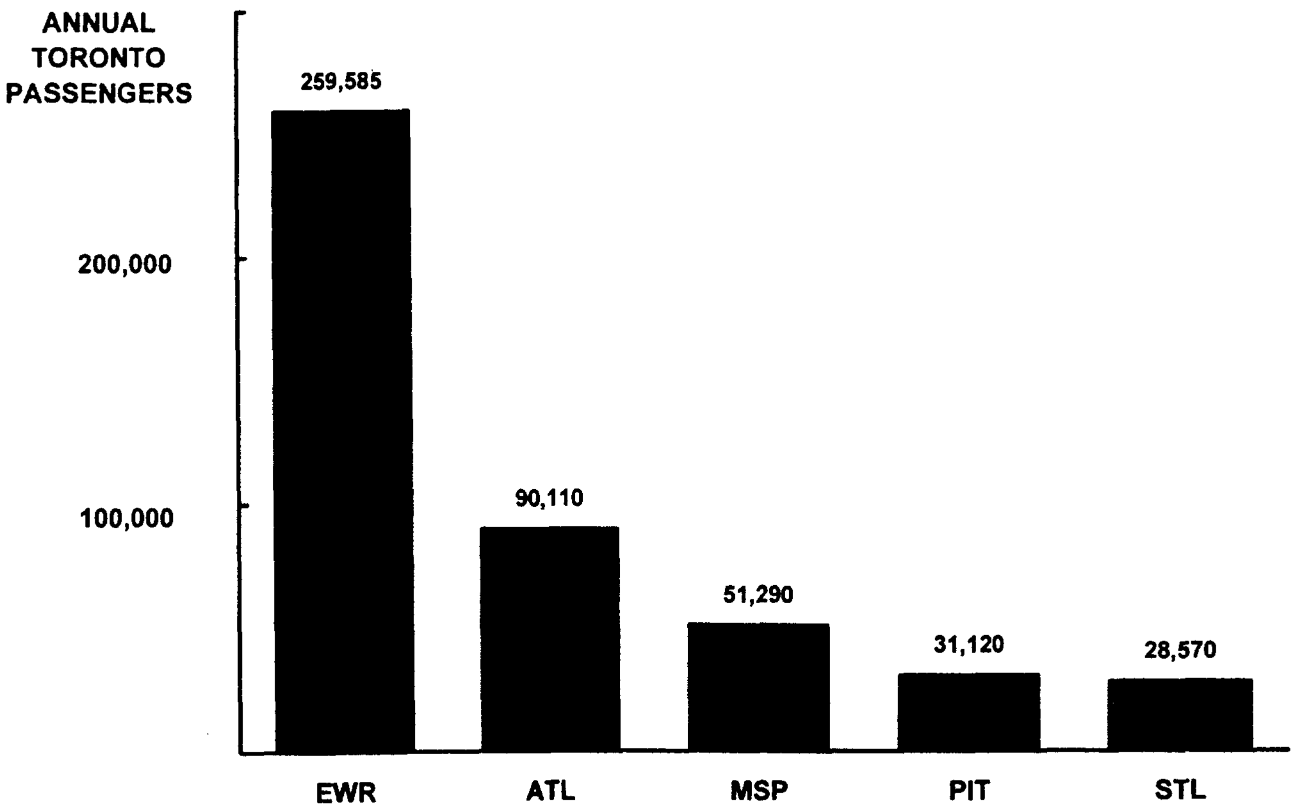
PERCENTAGE OF TOTAL U.S. CARRIER TORONTO SEATS	50%
PERCENTAGE OF TOTAL TORONTO TRAFFIC AT WESTERN HUBS AND POINTS WEST	45%

SOURCES: MARCH 1995 OAG, EXCLUDING NASHVILLE AND TAMPA SERVICE DUE TO THEIR ANNOUNCED DORMANCY, AND USAIR AT PITTSBURGH AND DELTA AT ATLANTA, BOTH EXEMPTION AUTHORITIES.
TRAFFIC DATA FROM DOT FILE PC–IR–2A

B:MD3/13CHART

Docket 50168
Exhibit CO-R-101

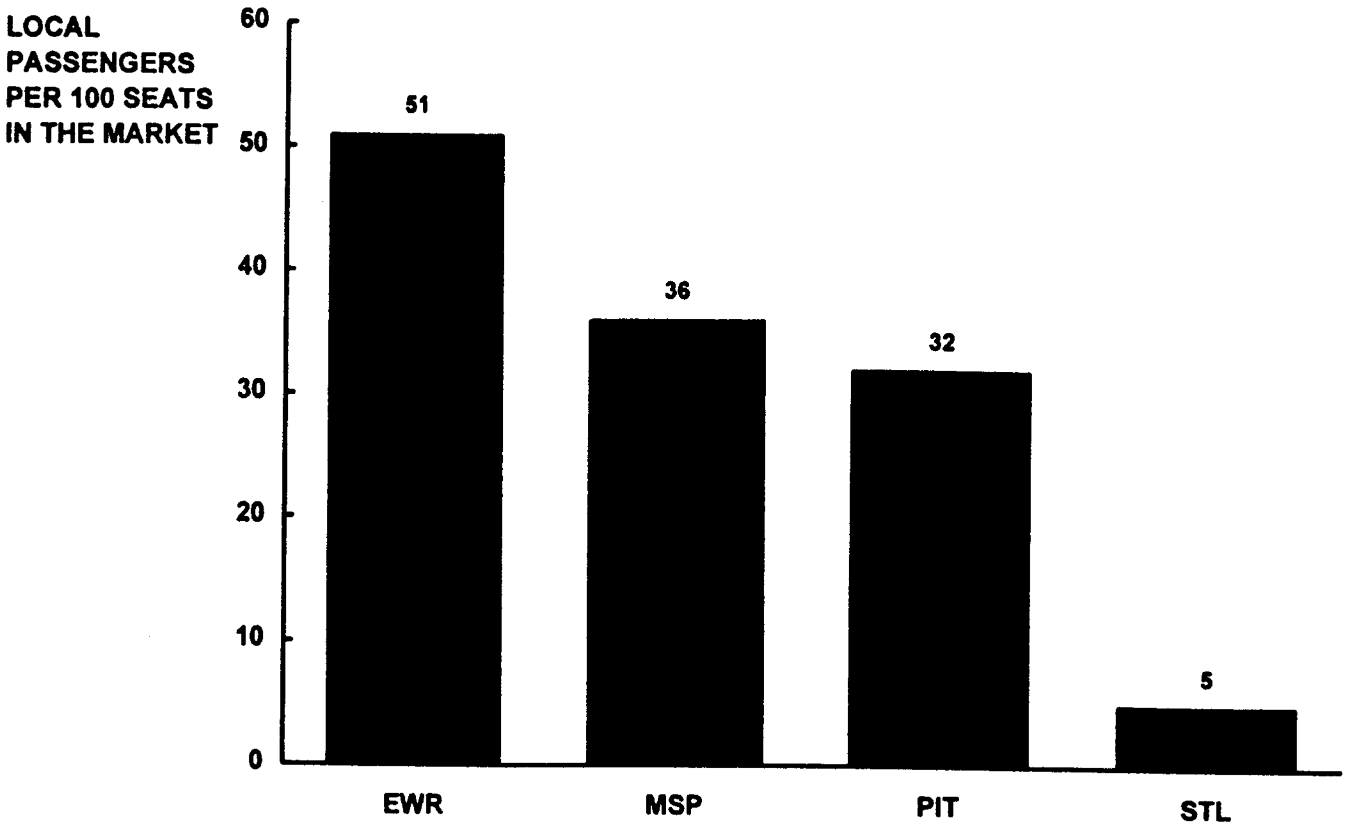
THE NEW SERVICES PROPOSED BY OTHER CARRIERS AT TORONTO SERVE GATEWAYS SIGNIFICANTLY SMALLER THAN CONTINENTAL'S NEWARK GATEWAY



SOURCE: CARRIER EXHIBITS

Docket 50168
Exhibit CO-R-102

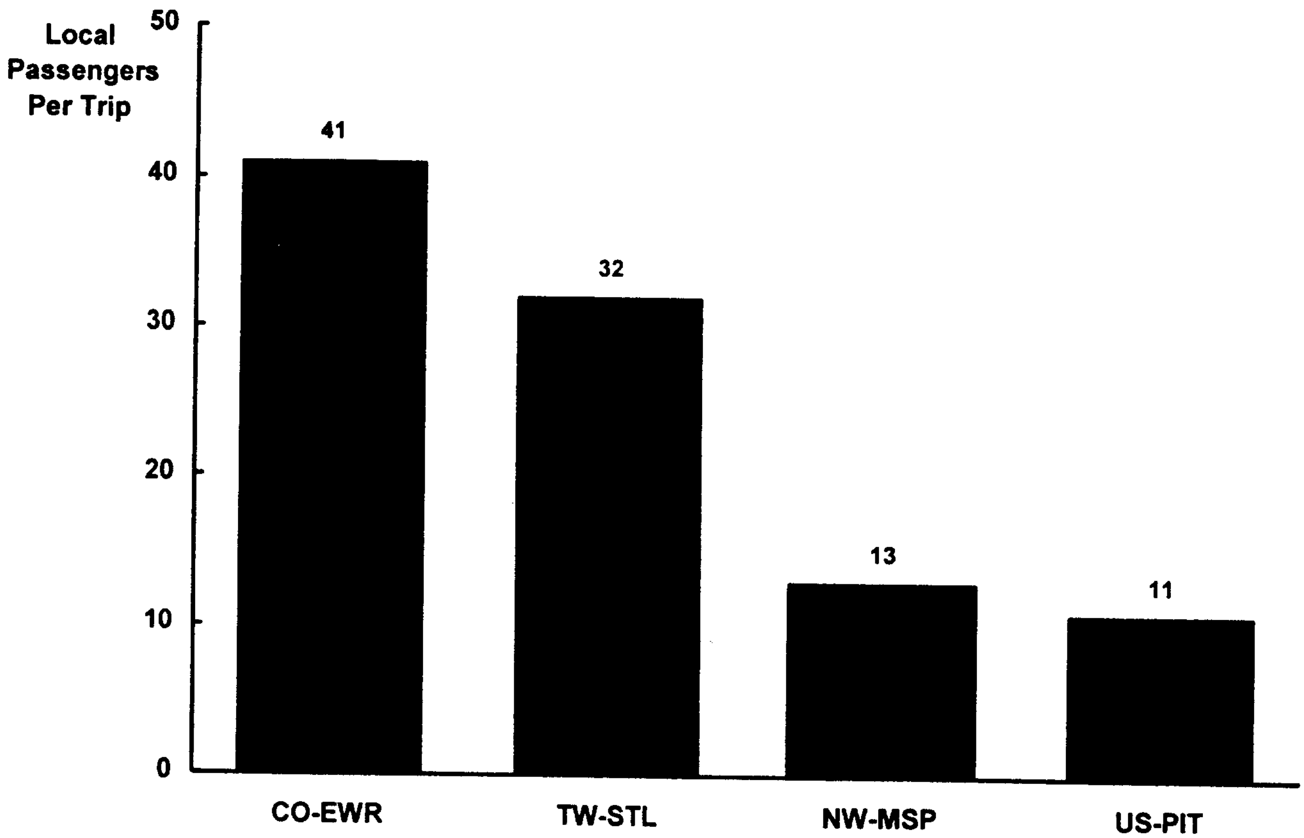
THE TORONTO SERVICE PROPOSED BY USAIR, TWA, AND NORTHWEST HAS SUBSTANTIALLY FEWER LOCAL PASSENGERS PER SEATS OFFERED IN THE MARKET THAN CONTINENTAL'S NEWARK SERVICE PROPOSAL



SOURCE: MARCH 1995 OAG AND SERVICE PROPOSALS BY EACH CARRIER

Docket 50168
Exhibit CO-R-103

THE SERVICES PROPOSED BY USAIR, NORTHWEST, AND TWA SERVE SMALL LOCAL MARKETS



SOURCE: CARRIER EXHIBITS

Docket 50168
Exhibit CO-R-104

USAIR, CURRENTLY THE SECOND LARGEST U.S. CARRIER AT TORONTO, HOLDS DORMANT TORONTO AUTHORITIES AND UNDERUTILIZES TORONTO AUTHORITIES

DORMANT AUTHORITIES

BUFFALO-TORONTO
ERIE-TORONTO

UNDERUTILIZED AUTHORITIES

CLEVELAND-TORONTO
(ONE DAILY OPERATION)

B:MD3/5CHARTAC

USAIR HAS OVERESTIMATED ITS SHARE OF THE SMALL PITTSBURGH-TORONTO LOCAL MARKET, ON BOTH A SEAT SHARE AND DEPARTURE SHARE BASIS

USAIR SHARE:		ADJUSTED USAIR TRAFFIC	DIFFERENCE FROM USAIR FORECAST 1/
BASED ON SEATS OFFERED	41%	13,099	(2,460)
BASED ON DEPARTURES OFFERED	40%	12,862	(2,697)

SOURCES: MARCH 1995 OAG FOR DELTA DATA, USAIR APPLICATION FOR USAIR DATA

1/ USAIR APPLICATION, EXHIBIT US-301

USAIR'S PROPOSED PITTSBURGH–TORONTO SCHEDULE WOULD NOT PROVIDE SAME DAY TRAVEL FOR PITTSBURGH PASSENGERS AND IS INFERIOR TO DELTA'S EXISTING SERVICE

USAIR		DELTA	
LEAVE PITTSBURGH	1600	LEAVE PITTSBURGH	1210
	2115		1555
			1940
LEAVE TORONTO	0755	LEAVE TORONTO	0730
	1825		1415
			1810

SOURCE: MARCH 1995 OAG AND USAIR EXHIBIT US-201

Docket 50168
Exhibit CO-R-107

USAIR SHOULD SEEK AMERICAN'S DORMANT TAMPA-TORONTO AUTHORITY SINCE IT IS A LARGER MARKET THAN PITTSBURGH-TORONTO AND IS THE LARGEST FLOW MARKET FOR USAIR'S PROPOSED PITTSBURGH-TORONTO SERVICE

LOCAL MARKET SIZE 1/

PITTSBURGH-TORONTO	32,180
TAMPA-TORONTO	206,400

TAMPA IS 540% LARGER THAN PITTSBURGH

USAIR PIT-YYZ TOP 10 FLOW POINTS 2/	TRAFFIC	PERCENTAGE OF TOTAL FLOW TRAFFIC
1. TAMPA	12,878	9.4%
2. ORLANDO	8,156	6.0%
3. PHOENIX	5,296	3.9%
4. SAN DIEGO	4,675	3.4%
5. LOS ANGELES	4,060	3.0%
6. SEATTLE	3,374	2.5%
7. FT. LAUDERDALE	3,309	2.4%
8. CHARLOTTE	3,208	2.4%
9. WEST PALM BEACH	3,120	2.3%
10. ST. LOUIS	3,112	2.3%
TOTAL	51,188	37.5%

1/ SOURCE: DOT FILE PC-IR-2A

2/ SOURCE: USAIR APPLICATION, EXHIBIT US301

B:MD3/12CHART

65% OF USAIR'S PITTSBURGH-TORONTO FLOW TRAFFIC IS DUPLICATED BY SERVICES FROM ITS OTHER HUBS

MARKET	ANNUAL FORECAST TRAFFIC
ALBANY	134
ATLANTA	934
BALTIMORE	1032
BINGHAMTON	69
BIRMINGHAM	578
BOSTON	1703
BURLINGTON	394
CHARLOTTE	3208
CHICAGO	1656
CINCINNATI	456
CLEVELAND	2969
COLUMBUS	1930
DALLAS/FT. WORTH	2074
DAYTON	501
DENVER	2867
DETROIT	987
ELMIRA	31
FT. LAUDERDALE	3309
FT. MEYERS	1817
GREENSBORO	878
HARRISBURG	1557
HARTFORD	2188
INDIANAPOLIS	1584
ISLIP	285
JACKSONVILLE, FL	980
KANSAS CITY	2119
LANCASTER	165
LAS VEGAS	1656
LOS ANGELES	4060
LOUISVILLE	1735
MANCHESTER	658
NEWBURG	246
NEWPORT NEWS	252

65% OF USAIR'S PITTSBURGH-TORONTO FLOW TRAFFIC IS DUPLICATED BY SERVICES FROM ITS OTHER HUBS

MARKET	ANNUAL FORECAST TRAFFIC
NORFOLK	526
ORLANDO	8156
PHILADELPHIA	2635
PHOENIX	5296
PORTLAND, ME	868
PROVIDENCE	257
RALEIGH/DURHAM	2036
READING, PA	173
RICHMOND	859
SAN FRANCISCO	2021
SAN JUAN	1468
SARASOTA	1219
SCRANTON/WILKES-BARRE	670
STATE COLLEGE	147
TAMPA	12878
WASHINGTON, DC	1073
WEST PALM BEACH	3120
WHITE PLAINS	154
WILLIAMSPORT	280
TOTAL	88,848

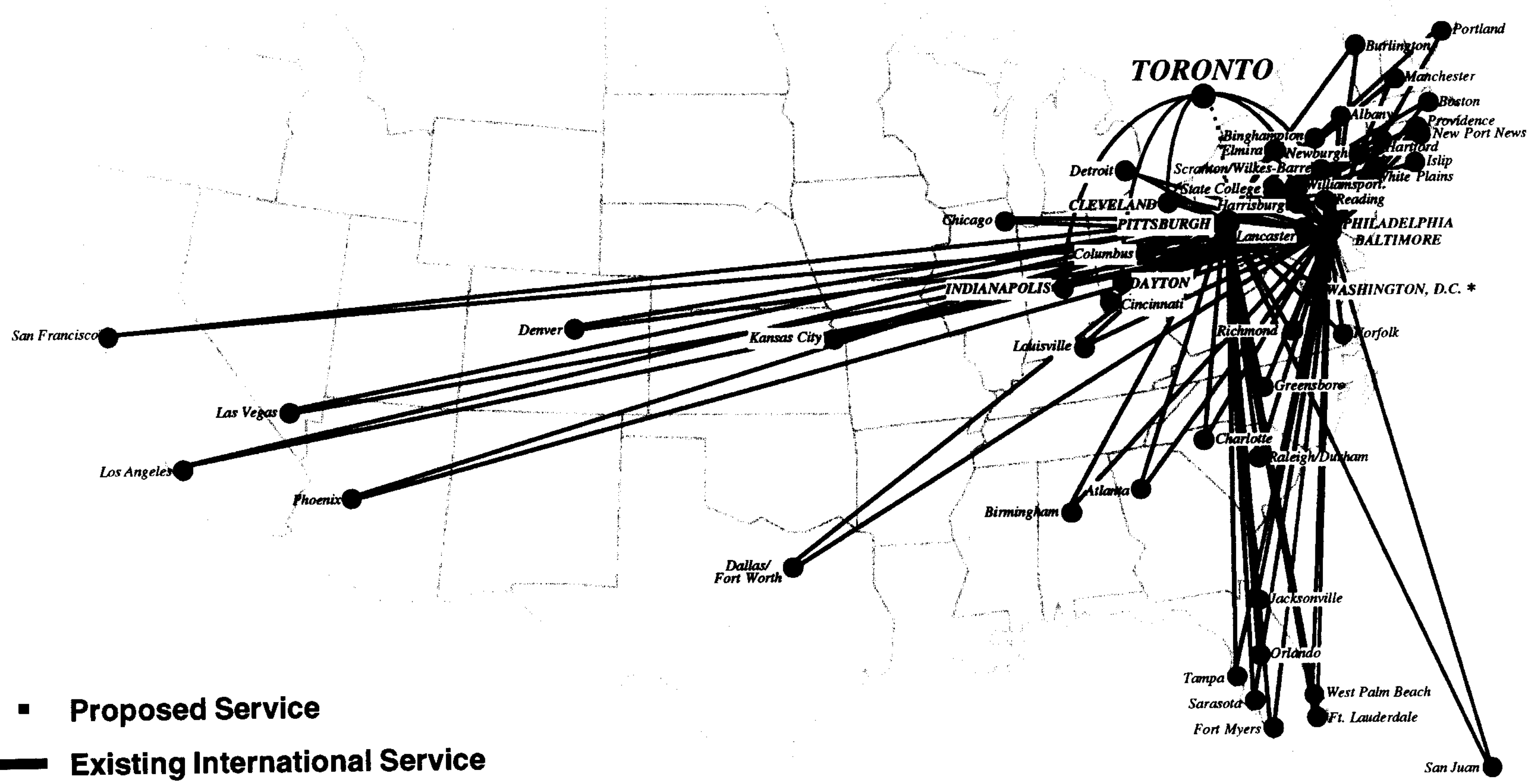
PERCENTAGE OF TOTAL FLOW TRAFFIC 65%

NOTE: ONLY NONSTOP SERVICES FROM USAIR GATEWAYS AT BALTIMORE, CLEVELAND, DAYTON, INDIANAPOLIS, PHILADELPHIA, AND ROCHESTER WERE USED IN THE CALCULATIONS.

SOURCE: MARCH 1995 OAG'S SSIM TAPE

B:MD3/9CHARTSA

USAir's Pittsburgh-Toronto Service Would Be Duplicative of Existing USAir Services in 52 Markets



▪ ▪ ▪ Proposed Service

▬ Existing International Service

▬ Existing Domestic Service

★ USAir Proposed Service

Docket 50168
Exhibit CO-R-110

USAIR SELF-DIVERSION, EXCLUSIVE OF LOCAL MARKET SHARE OVERSTATEMENT AND FLOW TRAFFIC OVERSTATEMENT, RESULTS IN A REDUCTION TO ITS FORECASTED TRAFFIC OF 11%

FORECASTED TRAFFIC IN MARKETS WITH EXISTING USAIR TORONTO SERVICE 1/	PERCENTAGE SELF-DIVERSION 2/	ADJUSTMENT TO TRAFFIC
58,829	30%	(17,649)

1/ MARKETS FROM CO EXHIBIT CO-R-109 EXCLUDING PIT/ABQ/AUS/BWI/BOS/CLT/DAY/FLL/RSW/IND/SDF/SNA/MCO/PHL/SAN/SRQ/SEA/PBI

2/ BASED ON SERVICES TO EXISTING USAIR HUBS (PHL/BWI) AND CONNECTIONS (CLE/DAY/IND/ROC) ADJUSTED FOR CIRCUITY IN WESTERN MARKETS

USAIR HAS OVERESTIMATED ITS FLOW TRAFFIC IN 17 KEY MARKETS DUE TO POOR CONNECTIONS, EXISTING USAIR MONOPOLY SERVICE, CIRCUITY, OR SUSTANTIAL UNDERVALUING OF SERVICES OFFERED BY COMPETITORS

MARKET	REASON FOR OVERSTATEMENT	ADJUSTED USAIR TRAFFIC	DIFFERENCE FROM USAIR TRAFFIC
ALBUQUEQUE	ONE CONNECTION ONLY, WITH LONG CONNECTING TIME	217	(771)
AUSTIN	ONE CONNECTION ONLY, MULTIPLE CONNECTIONS VIA ORD/DFW/IAH	288	(580)
BALTIMORE	USAIR MONOPOLY NONSTOP SERVICE	0	(1032)
BOSTON	CIRCUITY, COMPETITIVE NONSTOPS	0	(1703)
CHARLOTTE	EXISTING USAIR SERVICE AND SHARE	1439	(1769)
DAYTON	USAIR MONOPOLY NONSTOP SERVICE	0	(501)
FT. LAUDERDALE	EXISTING USAIR SERVICE AND SHARE	1806	(1503)
FT. MEYERS	EXISTING USAIR SERVICE AND SHARE	1092	(725)
INDIANAPOLIS	USAIR MONOPOLY NONSTOP SERVICE	0	(1584)
LOUISVILLE	MULTIPLE CONNECTIONS VIA DTW/CVG/ORD	747	(988)
ORANGE COUNTY/SANTA ANA	ONLY 1.5 ROUNDTRIP CONNECTIONS, MULTIPLE CONNECTIONS VIA ORD/DTW/DFW/IAH	962	(452)
ORLANDO	SEASONAL ONE-STOP, EXISTING USAIR SERVICE AND SHARE	4905	(3251)
PHILADELPHIA	USAIR MONOPOLY NONSTOP SERVICE	0	(2635)
SAN DIEGO	SEASONAL ONE-STOP, MULTIPLE CONNECTIONS VIA ORD/DTW/DFW/IAH/CVG	2497	(2178)
SARASOTA	EXISTING USAIR SERVICE AND SHARE	654	(565)
SEATTLE	CIRCUITY, MULTIPLE CONNECTIONS VIA ORD/DTW/CVG	2132	(1242)
WEST PALM BEACH	EXISTING USAIR SERVICE AND SHARE	1523	(1597)

TOTAL REDUCTION IN USAIR FLOW TRAFFIC DUE TO OVERSTATEMENT (23,076)

B:MD3/10CHART

Docket 50168
Exhibit CO-R-112

THE COMBINED EFFECT OF USAIR'S OVERSTATEMENT OF LOCAL PITTSBURGH-TORONTO TRAFFIC, FLOW TRAFFIC AND SELF DIVERSION REDUCES ITS PASSENGERS PER TRIP ON PITTSBURGH-TORONTO BY 27%

USAIR FORECASTED TRAFFIC 1/	157,999
ADJUSTMENT DUE TO LOCAL MARKET SHARE OVERSTATEMENT 2/	(2,460)
ADJUSTMENT DUE TO OVERSTATEMENT OF USAIR FLOW TRAFFIC SHARE 3/	(23,076)
ADJUSTMENT DUE TO SELF-DIVERSION 4/	(17,649)
TOTAL REDUCTION	(43,185)
RESULTING USAIR TRAFFIC	114,814
RESULTING PASSENGERS PER TRIP	79
RESULTING LOAD FACTOR	43%

1/ USAIR APPLICATION EXHIBIT 301
2/ EXHIBIT CO-R-106
3/ EXHIBIT CO-R-112
4/ EXHIBIT CO-R-111

USAIR'S LOCAL PITTSBURGH-TORONTO AVERAGE FARE IS OVERSTATED BY 23.4% AND DOES NOT REFLECT THE POOR LOCAL SCHEDULE PROPOSED

Pittsburgh to Toronto	Proposed Fares	Passenger Distribution	Weighted Average of All Fares: All Fares	Without First	Discount Fares Only
FULL FARE					
• First Class	244.00	5.3%			
• Economy Unrestricted	194.00	2.1%			
• Economy Restricted	130.00	20.4%			
Subtotal		27.8%	156.57	110.05	95.40
DISCOUNT					
• 14-day Apex	97.50	56.2%			
• 7-day Apex	120.00	6.3%			
• Free	0.00	9.7%			
Subtotal		72.2%	86.36	86.36	86.36
BEFORE DILUTION					
• Average Fare			105.88	92.95	88.88
• Average Yield			47.7	41.9	40.0
Dilution (%)			10.0%	10.0%	10.0%
AFTER DILUTION					
• Average Fare			95.29	83.65	79.99
• Average Yield			42.9	37.7	36.0

NOTES:

1. All fares shown in half-roundtrip USD levels.
2. Fare distribution is based on CO's Newark-Toronto proposal, exhibit CO-204.

USAIR'S LOCAL PHOENIX-TORONTO AVERAGE FARE IS OVERSTATED BY 16% AND DOES NOT REFLECT THE HEAVY LEISURE TRAFFIC DEMAND OF THE MARKET

Phoenix to Toronto	Proposed Fares	Passenger Distribution	Weighted Average of All Fares: All Fares	Weighted Average of All Fares: Without First	Discount Fares Only
FULL FARE					
• First Class	550.00	3.2%			
• Economy	400.00	6.8%			
Subtotal		10.0%	448.00	400.00	
DISCOUNT					
• 14-day Apex	200.00	49.8%			
• 7-day Apex	234.50	16.4%			
• Individual Inclusive Tour					
midweek	171.00	10.0%			
weekend	190.00	10.0%			
• Free	0.00	3.8%			
Subtotal		90.0%	193.51	193.51	193.51
BEFORE DILUTION					
• Average Fare			218.96	214.16	193.51
• Average Yield			10.7	10.4	9.4
Dilution (%)			10.0%	10.0%	10.0%
AFTER DILUTION					
• Average Fare			197.06	192.74	174.16
• Average Yield			9.6	9.4	8.5

NOTES:

1. All fares shown in half-roundtrip USD levels.
2. Fare distribution is based on CO's Orlando-Toronto proposal, exhibit CO-204, and adjusted to incorporate inclusive tour fares.
3. USAir's dilution was retained as opposed to the higher 13.5% estimated by CO.

USAIR'S LOCAL SAN DIEGO–TORONTO AVERAGE FARE IS OVERSTATED BY 16.5% AND DOES NOT REFLECT THE HEAVY LEISURE TRAFFIC DEMAND OF THE MARKET

Phoenix to Toronto	Proposed Fares	Passenger Distribution	Weighted Average of All Fares: All Fares	Without First	Discount Fares Only
FULL FARE					
• First Class	550.00	3.2%			
• Economy	400.00	6.8%			
Subtotal		10.0%	448.00	400.00	
DISCOUNT					
• 14-day Apex	192.50	49.8%			
• 7-day Apex	225.50	16.4%			
• Individual Inclusive Tour					
midweek	171.00	10.0%			
weekend	190.00	10.0%			
• Free	0.00	3.8%			
Subtotal		90.0%	187.72	187.72	187.72
BEFORE DILUTION					
• Average Fare			213.75	208.95	187.72
• Average Yield			9.1	8.9	8.0
Dilution (%)			10.0%	10.0%	10.0%
AFTER DILUTION					
• Average Fare			192.37	188.05	168.95
• Average Yield			8.2	8.0	7.2

NOTES:

1. All fares shown in half-roundtrip USD levels.
2. Fare distribution is based on CO's Orlando-Toronto proposal, exhibit CO-204, and adjusted to incorporate inclusive tour fares.
3. USAir's dilution was retained as opposed to the higher 13.5% estimated by CO.

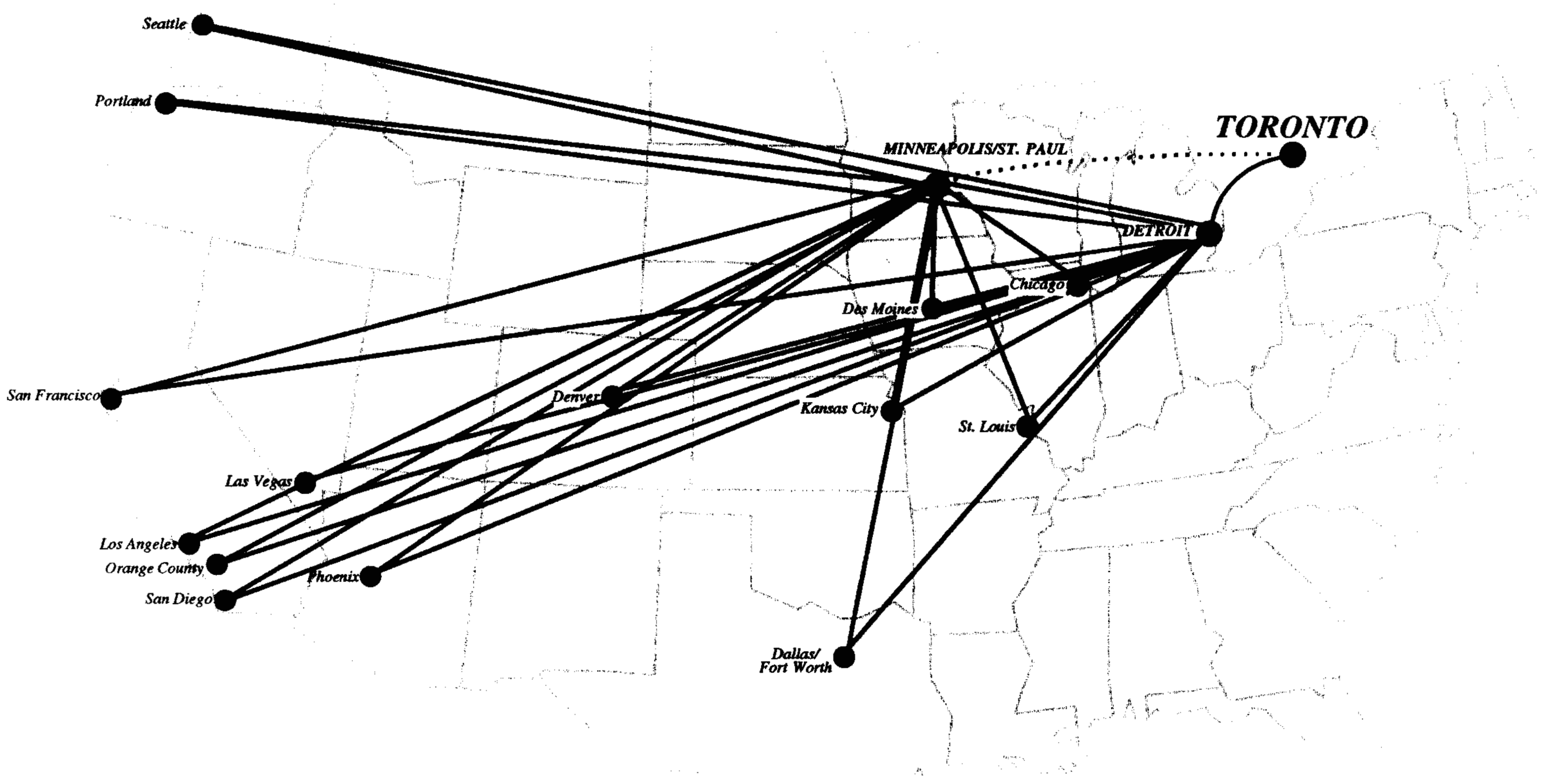
NORTHWEST'S MINNEAPOLIS–TORONTO SERVICE DUPLICATES ITS DETROIT–TORONTO SERVICE

NUMBER OF POINTS SERVED BY NORTHWEST FROM BOTH MINNEAPOLIS AND DETROIT CONNECTING TO TORONTO	16
PERCENTAGE OF FORECASTED TRAFFIC ON MINNEAPOLIS-TORONTO PROPOSAL THAT NORTHWEST CAN CARRY OVER DETROIT	55%

SOURCE: NORTHWEST APPLICATION, EXHIBIT NW–301, AND MARCH 1995 OAG

B:MD3:17CHART

Northwest's Minneapolis/St. Paul - Totonto Service Would Be Duplicative of Existing Northwest Services in 16 Markets



▪ ▪ ▪ Proposed Service

▬▬ Existing International Service

▬▬ Existing Domestic Service

Docket 50168
Exhibit CO-R-118

Docket 50168
Exhibit CO-R-119

TWA HAS OVERSTATED THE STIMULATION OF THE ST. LOUIS–TORONTO MARKET, RESULTING IN FORECASTED LOCAL TRAFFIC GREATER THAN THAT OF LARGER CITIES

CURRENT TORONTO MARKET SIZE 1/	
1. NEWARK/NEW YORK	741,670
2. CHICAGO	321,150
3. LOS ANGELES	247,580
4. MIAMI	217,660
5. BOSTON	207,990
6. TAMPA	206,400
7. SAN FRANCISCO	171,040
8. PHILADELPHIA	107,190
9. DALLAS/FT. WORTH	102,130
10. ATLANTA	90,110
11. DETROIT	76,510
12. ORLANDO	74,340
13. NEW ST. LOUIS	61,640 2/
14. MINNEAPOLIS	51,290
15. CLEVELAND	50,990
16. PHOENIX	49,030
17. WASHINGTON, D.C.	45,970
18. NASHVILLE	42,240
19. FT. LAUDERDALE	40,740
20. DENVER	39,820
21. PITTSBURGH	32,180
22. SAN DIEGO	32,030
23. LAS VEGAS	31,900
24. SEATTLE	29,360
25. HOUSTON	29,070
26. ST. LOUIS	28,520

1/ SOURCE: DOT FILE PC-IR-2A

2/ SOURCE: TWA APPLICATION EXHIBIT TW-301

B:MD3/18CHART

Toronto/D.50168/Service List
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